

Fiscal Note

Fiscal Services Division



SF 480 – Health Care Infrastructure (LSB 2122SV.1)

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Fiscal Note Version – As amended and passed by the Senate

Description

Senate File 480, as amended and passed by the Senate, includes but is not limited to the following actions:

- Creates an Office of Health Policy in the Department of Public Health (DPH) and specifies the responsibilities charged to the Office.
- Codifies an existing pilot program for medication therapy management administered by the Department of Administrative Services (DAS).
- Directs the Department of Human Services (DHS) to develop plans for an all-payer claims database and a provider payment system. The provider payment system directive also includes authorization for an accountable care organization pilot project.

Total Fiscal Impact: The chart below indicates the total estimated fiscal impact for this Bill. There is no appropriation made in this Bill.

Senate File 480	FY 2012	FY 2013
Division I - Office of Health Policy in DPH		
Public Service Executive 5 (Health Economist) (1.00 FTE)	\$ 103,756	\$ 103,174
Program Planner 3 for strategic plan (1.00 FTE)	65,540	63,811
Total Division I	\$ 169,296	\$ 166,985
Division II - Medication Therapy Management		
For DAS for the request for proposal and subsequent contract to begin on July 1, 2011.	\$ 490,000	\$ 490,000
Support for the Advisory Council	-	-
Total Division II	\$ 490,000	\$ 490,000
Division III - Directive of Integration of Public/Private Programs		
DHS - All payer claims database plan, State share, (1.00 FTE)	\$ 20,000	\$ -
DHS - Provider payment system plan, State share	200,000	-
DHS - Provider payment system pilot project, State share, (1.00 FTE)	100,000	100,000
Total Division III	\$ 320,000	\$ 100,000
Total	\$ 979,296	\$ 756,985

DIVISION I

Office of Health Policy

Division I creates an Office of Health Policy in the DPH under the purview of the Director. The new Office will integrate public and private efforts in formulating and implementing a State health policy agenda. The Office will coordinate with the other relevant Department Divisions to support its work. The Bill provides for several goals and duties of the Office relating to the State health policy agenda. The Office is required to be staffed by a coordinator that is a health economist. The coordinator is required to establish a technical advisory council and may utilize existing councils and workgroups.

The Office is required to develop a strategic plan for health care delivery infrastructure and health care workforce resources. The Bill provides for elements to be included in the plan and guiding principles to consider as the plan is developed. The Office is required to submit a timeline for completion and submission of the various components of the strategic plan to the Governor and the General Assembly by October 1, 2011.

Assumptions

- The DPH will utilize the existing FTE positions and General Fund resources that are currently dedicated to the Health and Long-Term Care Advisory Council to partially support the work of the Office.
- One Public Service Executive 5 position that is a health economist is required to be the coordinator of the Office.
- One Program Planner 3 position will assist the Office coordinator with the strategic plan components.

Fiscal Impact

The fiscal impact of Division I is an estimated increase in General Fund expenditures of \$169,296 and 2.00 FTE positions in FY 2012 and \$166,985 in FY 2013. There is no General Fund appropriation in this Bill for the additional costs to the DPH for Division I. The provisions of Division I take effect on enactment.

Source

Department of Public Health

DIVISION II

Division II codifies a medication therapy management pilot project that was created in [House File 2531](#) (FY 2011 Standing and Salaries Appropriations Act) and is administered by the DAS. [Senate File 480](#) directs the DAS to conduct a request for proposal (RFP) after the current contract with Outcomes Pharmaceutical Health Care ends on June 30, 2011. The Bill outlines conditions to be included in the RFP and contract. The DAS is required to convene an advisory council to provide advice and oversight of the contract and the evaluation processes.

Assumptions

- The DAS is required to conduct an RFP process for a new contract to begin in FY 2012. The Division takes effect on enactment and the RFP will be out for bid before the close of FY 2011.
- The contract with the selected entity will cost approximately \$490,000 in FY 2012 and FY 2013.
- The advisory council will be convened as needed and the DAS will absorb the administrative costs.

Fiscal Impact

The fiscal impact of Division II is an estimated increase in General Fund expenditures of \$490,000 in FY 2012 and FY 2013. There is no General Fund appropriation in this Bill for Division II. The provisions of Division II take effect on enactment.

Source

Department of Administrative Services

DIVISION III

Division III provides directives to State departments relative to provisions in the federal Patient Protection and Affordable Care Act (PPACA) of 2010. The Departments are directed to collaborate to develop a plan to meet the requirements of the Act relating to a health benefit exchange. The plan is also to address specified issues and is to include necessary policy, statutory, and regulatory changes, and financing, tools, and strategies for implementation. The plan is required to be submitted to the Governor and the General Assembly by October 15, 2011.

The DHS is directed to develop plans for an all-payer claims database and a provider payment system. The Bill provides for the components to be included in each plan. The provider payment system directive also includes authorization to work with an entity on an accountable care organization pilot project. The entity certified to implement the pilot project is required to report to the Health and Human Services Appropriations Subcommittee regarding the progress and outcomes of the pilot project during the 2012 Legislative Session.

Assumptions

- The Departments participating in the plan due on October 15, 2011, will absorb the costs for collaboration.
- The costs relating to the all-payer claims database and the provider payment system plans will be one-time in FY 2012. The pilot project will continue for at least two fiscal years.
- Due to provisions in the federal PPACA, the costs to DHS for the two plans and pilot project are eligible for federal matching funds.
- The Department will contract with a third-party entity for the entirety of the provider payment system plan and for parts of the all-payer claims database plan.
- A summary of the estimated costs for FY 2012 to the DHS for specified provisions of Division III is provided in the chart below:

<u>DHS FY 2012 Estimated Costs</u>	<u>Federal Match</u>	<u>Federal Share</u>	<u>State Share</u>	<u>Total Cost</u>	<u>FTEs</u>
All-payer Claims Database Plan	90.00%	\$ 180,000	\$ 20,000	\$ 200,000	1.00
Provider Payment System Plan	50.00%	200,000	200,000	400,000	0.00
Provider Payment System Pilot Project	50.00%	100,000	100,000	200,000	1.00
Total DHS Costs and FTE positions		<u>\$ 480,000</u>	<u>\$ 320,000</u>	<u>\$ 800,000</u>	<u>2.00</u>

Fiscal Impact

The total fiscal impact to the State for Division III is an estimated increase in General Fund expenditures of \$320,000 and 2.00 FTE positions for FY 2012. For FY 2013, the costs will decrease to \$100,000 for continuation of the provider payment system pilot project. The provisions of Division III take effect on enactment.

Source

Department of Human Services, Iowa Medicaid Enterprise

/s/ Holly M. Lyons

April 13, 2011

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to Code [Section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
